

GUIDELINES
FOR THE
CITY OF MIAMI BEACH
MULTI-FAMILY HOUSING REHABILITATION PROGRAM

Adopted by
The Mayor and City Commission
on July 16, 1997

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INTRODUCTION

The City of Miami Beach is an entitlement recipient of federal Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD). Using these monies the City provides funds for physical and capital improvements, economic development initiatives, park and recreation improvements and activities, social/public services, and affordable housing initiatives.

Since 1982 the City's Multi-Family Housing Rehabilitation Program funded through the Community Development Block Grant and administered by the Economic and Community Development Division (ECDD) of the Development, Design and Historic Preservation (DDHP) Department, have provided financial assistance to property owners to encourage them to upgrade the existing rental housing stock in Miami Beach. These funds are provided in one of two ways: either by subsidizing the interest on a bank loan to reduce the market interest rate down to a six percent (6%) rate, or alternatively, by providing a matching grant for up to one-half the cost of the rehabilitation.

To date, more than 49 buildings containing 1,215 rental units have been, or are currently being renovated. Federal funds in the amount of 7.2 million dollars have been invested, leveraging 22.5 million dollars of private funds (a leverage ratio of 3.1:1).

Since the program previously was designed primarily as an economic development tool in the early years, they focused on vacant, boarded-up structures and excluded any building which was occupied. Currently, there are few vacant buildings left in the City. Most of the properties eligible for rehabilitation now are partly or fully occupied.

According to the 1990 census, there are 56,426 housing units in Miami Beach, of which 49,305 are occupied. Of these occupied units, 72% are occupied by renters. Additionally, 63% of the households in Miami Beach are classified as low/moderate income, earning at or below 80% of the median income of Dade County. Further, the Consolidated Plan adopted by the Miami Beach City Commission on July 26, 1995, estimates that 30-35% of the City's housing stock needs some type of repairs to meet City codes, and are suitable for rehabilitation. Approximately one-half of these units need minor repairs, while the balance have more significant items which should be addressed. Thus, one of the long-term objectives contained in the City's Three Year Consolidated Plan is "(t)o increase the availability of standard housing through the rehabilitation of the existing housing stock."

The City has determined that the Guidelines for the Multi-Family Housing Rehabilitation Program need modification to reflect current trends within the City. Thus, the ECDD, and the City's Loan Review Committee (LRC), with the input of a number of concerned organizations and private citizens, have worked together to make the needed revisions to these Guidelines.

The following is a summary of the significant modifications proposed in the Guidelines:

- The term of affordability will be increased to five (5) years.
- The maximum amount of subsidy available for a project is recommended to be changed from a flat allowance of \$10,000 per unit regardless of size; to a sliding scale, based on the number of bedrooms provided as follows:

zero bedrooms(studio or efficiency)	\$ 5,000 per unit
one bedroom	\$ 7,500 per unit
two bedroom	\$10,000 per unit
three (or more) bedrooms.....	\$12,500 per unit
- Those projects undertaken under the Multi-Family Housing Rehabilitation Program incorporating HOME funds will be required to comply with the HOME Investment Partnerships Program Rules.
- The number of units in a building eligible for participation in the Program has been reduced from five (5) units to four (4) units in order to make the Program more applicable to the North Beach area.

- Chapter V of the Program Guidelines, setting forth the role and responsibilities of the LRC, has been modified in accordance with the ABC Ordinance, adopted on July 3, 1997, by adding a licensed contractor to the Committee, by reducing the number of lenders from four (4) to three (3), and by changing the City's two representatives on the Committee from voting to non-voting Ex-Officio members. The three (3) citizen representatives are unaffected.
- A new Chapter VI has been incorporated in the Guidelines explaining the federal requirement for multi-family rehabilitation regarding accessibility for persons with disabilities.

These Guidelines are subject to change. In the event of any conflict between the Guidelines and any federal law or regulation, the federal law or regulation will prevail.

CHAPTER I

Section i

General Program Requirements

1. Property Qualifications

Any property to be considered for assistance by the City under the Matching Grant Program or the Interest Subsidy Program must be located within the City limits of Miami Beach, and preferably should be located within one of the designated Community Development Target Areas. In addition, the property will be required to meet any additional requirements set by the City.

The Community Development Target Areas are described as follows:

- a. **North Shore/Normandy Isle Target Area** - The area of the City limited on the north by 87th Terrace; on the west by Byron Avenue south to 85th Street, then west along 85th Street to Hawthorne Avenue; and south along Hawthorne Avenue to 77th Street, then east on 77th Street to Dickens Avenue and south along Dickens Avenue to Indian Creek Drive and south along Indian Creek Drive to 67th Street on the west; 67th Street east to Collins Avenue, north on Collins Avenue to 71st Street, East on 71st Street to the Atlantic Ocean. In addition, the area also includes Normandy Isle south of the Normandy Waterway, but excluding the portion enclosed by Trouville Esplanade, Bay Drive, Rue Notre Dame and the Normandy Waterway.
- b. **Flamingo Target Area**: The area of the City limited on the north by 41st Street, from the Atlantic Ocean; west to Pine Tree Drive; then south along Pine Tree Drive to 34th Street, west along 34th Street to Sheridan Avenue, then south along Sheridan Avenue to its conjunction with Pine Tree Drive and continuing south along Pine Tree Drive to Dade Boulevard, west along Dade Boulevard to Biscayne Bay; then south along the shoreline of Biscayne Bay to Government Cut on the south; east along Government Cut to the Atlantic Ocean on the east; then north along the Atlantic Ocean to 41st Street. In addition, the area also includes the part of Census Tract 40 bounded on the north and west by 41st Street (Arthur Godfrey Road) and on the east and south by the Biscayne Waterway Canal and continuing along the shoreline of Biscayne Bay to the Julia Tuttle Causeway.

The proposed rehabilitation of properties located outside the Target Areas will be subject to special environmental site review and clearance under the rules of HUD.

In order to be considered for participation in one of the programs a property must contain, or the applicant must propose, that after rehabilitation, the property will contain a minimum of four (4) living units, each with a minimum of 400 square feet.

If the proposed project is a mixed-use property, containing both residential and commercial uses, any assistance provided under these Guidelines can be utilized only for rehabilitation of the residential portion. After rehabilitation, the residential portion of such mixed-use property must be used only for rental housing. At least fifty-one percent (51%) of the units in the property can be rented only to low and moderate income persons at affordable rents (as defined in Chapter VII). This requirement applies for five (5) years after the date of issuance of a Final Certificate of Occupancy, or Certificate of Completion, as applicable.

2. Application Review

- a. Based on the information contained in the application, the City's Economic and Community Development Division (ECDD) shall make a determination as to whether or not the applicant and the property are eligible for participation under either the Matching Grant or the Interest Subsidy Program, as set forth in these Guidelines.
- b. The application will then be reviewed by the City's Loan Review Committee (LRC) and the

amount of funds required will be estimated by the ECDD, based on the preliminary project cost estimate, and subject to the limits defined elsewhere in these Guidelines. If the application is recommended by the LRC, it will then be submitted to the Mayor and City Commission for consideration. If approved by the Mayor and City Commission, and upon compliance with and review by the ECDD of design requirements, drawings, specifications, and other applicable documents and requirements, an agreement will be executed between the City and the Applicant.

- c. Only those applications which have been reviewed and recommended by the LRC, and approved by the Mayor and City Commission, shall be eligible for funding under the City's Programs.
3. Minimum and Maximum Award Amounts - In order to qualify for funding hereunder, the minimum total rehabilitation cost estimate amount must be at least \$3,000 per dwelling unit, and not less than \$20,000 in the aggregate for all dwelling units in the project. The maximum amount which may be approved is based on the following schedule:
 - 0 Bedrooms = \$5,000 per unit
 - 1 Bedrooms = \$7,500 per unit
 - 2 Bedrooms = \$10,000 per unit
 - 3 Bedrooms = \$12,500 per unit

These maximum limits are based on the number of legal units, and the number of legal bedrooms prior to the rehabilitation, as determined from the records of the City's Building Services Division. The actual amount of grant or subsidy funds awarded is subject to the discretion of the LRC, within the limits set by these Guidelines, and subject to the funding available for the Program.

Section ii
Application for Funding

1. Application Process

An application for rehabilitation assistance must include four (4) copies of each of the following:

- a. Completed application form, including all information requested therein.
- b. Proof of ownership (copy of a deed or other acceptable proof of ownership of the property acceptable to the City, or a contract of sale, however review of the application by the Mayor and City Commission may not take place until applicant obtains fee simple title to the property.
- c. Organizational documents and certificate of good standing (if other than individual ownership). Including but not limited to: Articles of Incorporation, partnership agreements, Certificate of Incorporation, or Certificate of Partnership
- d. Legal description of the property.
- e. Description of proposed rehabilitation work - A written description of the rehabilitation work intended to be done to renovate the property, identifying the deficiencies to be corrected.
- f. An itemized cost estimate, prepared by a licensed architect or engineer, showing the estimated construction cost for the work to be performed, which is based on the scope of work and technical specifications contained in the work write-up.
- g. Plans drawn to scale, of the proposed project, including: a site plan, floor plans, elevations, specifications and a certified survey.
- h. Photographs of the property, including exterior shots of all sides of the building and interior shots of the units, showing the need for work to be performed and the specific areas to be improved.
- i. If the property is occupied at the time the application is submitted the applicant must submit a tenant roll. Additionally, the applicant must submit, for each unit, the names of tenants, terms of the current lease, length of time in residence, rent currently paid, with an indication as to whether utilities are included, family size, family income of each tenant, and any other information determined necessary by the ECDD to assess the need for temporary relocation.
- j. An itemized list prepared by the City's Code Compliance Section of all outstanding code violation citations issued against the property, as well as documentation of the amount and reason for assessment of any liens or charges against the property by the Special Master.
- k. A non-refundable application fee of \$250. (A request for waiver of this fee will be considered from qualified not-for-profit applicants.)

2. Review of Applications by the City

The ECDD will review the application documents and make an initial determination as to whether or not the applicant and the property are eligible for one of the programs set forth in these Guidelines. The application documents will also be sent to the City's Planning and Zoning Director, Chief Building Official, Code Compliance Supervisor and ADA Coordinator for review and comment.

If eligible, the application will then be reviewed by the LRC. Only applications which have been

reviewed and recommended by the LRC will be presented to the Mayor and Commission for approval. If the City Commission approves the application and funding agreement, the ECDD will issue a funding commitment, and a reservation of funds will be made for the project.

The funding agreement shall be in such form as may be recommended by the City Attorney. However, before an agreement is executed by the Mayor and City Clerk, the ECDD must receive and approve the following:

- a. If the property was constructed more than fifty (50) years ago, then written approval of the proposed rehabilitation plans and specifications will be required from the State of Florida Historic Preservation Officer (SHPO). For this purpose, the applicant or his architect or engineer will arrange to submit working drawings, photographs, certification forms, and any other information determined necessary by the SHPO, in connection with the required approval.
- b. A copy of final plans and specifications for the rehabilitation of the project, approved by the City's Building Department, which include proof of having obtained all variances required, and compliance with all local laws, codes and standards. Plans must also comply with the requirements of the City's Planning and Zoning Department, and the City's ADA Coordinator.
- c. Building permits must be obtained, from the City's Building Department, as required by applicable City Ordinance. Also, any other necessary permits and applicable approvals from any other governmental authorities must be obtained.
- d. A copy of an executed construction contract entered into by the applicant and a licensed General Contractor, which includes the following: (1) Roles and responsibilities of all parties; (2) Construction schedule, including commencement and completion dates; (3) Contract price; (4) Scope of work; (5) Provisions for inspections and payments to the contractor for the work completed; (6) Provisions for a holdback of funds; (7) Change order procedures; (8) Procedures for resolving disputes; (9) References to any work which will be performed under warranty (including the terms and conditions of such warranties); (10) All essential construction documents, such as the work write-up and technical specifications; and (11) Reference to all applicable federal regulations and standards.
- e. Evidence, satisfactory to the City's Risk Manager, of proper insurance coverage.
- f. A cost breakdown, to include direct and indirect costs of the proposed work. If requested, the applicant must provide the ECDD with a structural report of the building prepared by a Professional Engineer, along with a signed statement that the final cost estimate includes the costs for the performance of any necessary structural repairs to the building, as well as repairs to correct all open Housing Code Violations.
- g. Proof that the property has been inspected by the City for building / code violations.
- h. Evidence that the building's roof is in weather-tight condition and that the building is free of live infestation of termites. If such evidence cannot be provided, the applicant must assure that the items will be corrected as part of the rehabilitation project.
- i. The applicant must provide assurances that it is not delinquent in its legal and financial obligations and/or payments on the property with the City.
- j. The applicant will be responsible for the costs of recording the agreement and related documents with the Clerk of the County Court.
- k. Any other requirements determined necessary by the City.

Section iii
Eligible Costs Under the Programs

1. General

The financial assistance available under these Programs is designed to assist the renovation of multi-family buildings that need to be brought into compliance with applicable codes and ordinances, rules and requirements, including, but not limited to, HUD Housing Quality Standards, the South Florida Building Code, and the City of Miami Beach housing codes and ordinances.

2. Eligible Costs

The eligible uses of funds under the Programs are the following:

- a. Construction - Actual cost of rehabilitating housing, including labor and materials necessary to meet the requirements of the South Florida Building Code, the City of Miami Beach Building Codes, and to meet the HUD Housing Quality Standards.
 - (1) Current or Incipient Violations - Improvements to correct violations or conditions which may, in the opinion of the City, develop into hazardous conditions or code violations.
 - (2) Good and Readily Maintainable Condition - Improvements necessary to put the property and facilities in a condition which requires a minimal amount of maintenance, and when appropriate, improvements which conserve energy.
 - (3) General Property Improvements - Improvements which are in addition to those required by applicable codes and ordinances, but which are incidental to the repairs being done to remedy code violations. These improvements may be considered appropriate, provided they are economically practical and in the public interest.
- b. Architectural - Reasonable fees paid for professional services in preparing work write-ups, cost estimates, working drawings, specifications, and in performing supervision, cost certification, and other designated tasks.
- c. Permit Fees - Those fees paid to the City's Building Services Division for permits necessary to undertake the work outlined in the application.
- d. Appraisal Fees - If required by the City.
- e. Contingency - An amount not to exceed ten percent (10%) may be included in the cost estimate for any unforeseen but eligible construction costs.
- f. Temporary Relocation - Fifty percent (50%) of "eligible" expenses associated with relocating existing tenants to temporary lodging and subsequently returning them to the property upon completion of the project, as well as "eligible" increases in expense levels incurred by the tenants during the period of temporary displacement. "Eligible" expenses will be determined in accordance with the provisions of Handbook 1378: "Tenant Assistance, Relocation and Real Property Acquisition", issued by HUD, as amended.

Note: In the event it is found necessary to permanently relocate any tenant, the full cost of such permanent relocation shall be borne by the property owner.

3. Ineligible Costs

The following costs or expenses are not eligible uses of funds under the Programs:

- a. Refinancing of existing mortgages.
- b. Purchase of the property.
- c. New construction.
- d. Purchase, installation or repair of furnishings.
- e. Payment of delinquent taxes, utility bills, fines, insurance premiums, deductibles or other similar expenses. The applicant is responsible for bringing these payments current and satisfying in full any liens, charges or assessments against the property, prior to submission of the application to the City Commission.

Section iv
Terms and Conditions of the Programs

The applicant shall agree to abide by all applicable City, State and Federal laws and regulations in regard to the Programs, including, but not limited to, the following terms and conditions:

- a. Work Write-ups - The Applicant will submit clearly written, well-organized work write-ups, which precisely define the scope of the rehabilitation work to be undertaken. The project's scope of work and technical specifications should be included or incorporated by reference in the work write-up.
- b. Cost Estimates for Work Specified - The Applicant must provide to the City an estimate of reasonable project costs, prepared by a licensed architect or engineer, and based on the scope of work and technical specifications contained in the work write-up.
- c. Contractor Selection - The applicant may select his/her own contractor and does not have to use formal competitive bidding procedures. However, the applicant must secure written estimates from a minimum of three (3) qualified eligible contractors. The estimates must be based on work write-ups as described above. The applicant must provide the City with copies of the contractor's estimates and all work write-ups for the City's review. The City's Building Official will prepare an estimate of the cost of the work as described in the work write-up, and shall review the estimates provided by the selected contractor for reasonableness of cost. The contractor's bid that is selected cannot exceed the City's estimate by more than 10%. Contracts must specify a completion date within a reasonable period of time.
- d. Ineligible Contractors - The applicant may not award any contract for rehabilitation work to be paid for in whole or in part with federal grant funds to any contractor or sub-contractor who, at the time of contract execution, is ineligible under the provisions of any applicable regulations issued by the Secretary of Labor or the federal government to receive such award. The City will confirm whether the contractor is included in the list of ineligible firms.
- e. Lead-Based Paint Requirements - The use of lead-based paint is prohibited. Federal regulations require that, in the event lead-based paint is found in a property assisted under the Programs, appropriate testing and abatement procedures must be undertaken by the applicant at his/her expense.

- f. Federal Labor Standards - All laborers must be paid wages that are not less than those contained in the official wage determination of the Secretary of Labor for each classification of work (Davis-Bacon Act). Any property containing eight (8) or more units under the Community Development Block Grant Program (CDBG) must comply with all Federal Labor Standards provisions. A pre-construction conference must be held by the City with the contractor, all sub-contractors, and the applicant in order to address the extent of the work to be performed, the schedule, special conditions, labor standards provisions and any specific concerns or questions any of the parties may have.
- g. Completion of Work - The applicant will also assure that the rehabilitation work will be carried out promptly and efficiently through a written contract let with the concurrence of the City, and completed within a specified time as established by the architect and/or engineer and the City. Failure to pursue the project diligently may cause a default hereunder. In the event of construction cost overruns, any additional funds needed to complete the rehabilitation must be provided by the applicant.
- h. Benefit to Low and Moderate Income Persons - For projects funded with CDBG funds, The following restrictions shall apply: fifty-one percent (51%) of the units, after rehabilitation, can be rented only to low and moderate income persons who earn at or below 80% of the Area Median Income (AMI), at affordable rents, as defined in Chapter VI. This requirement applies for a period of five (5) years after the date of issuance of a Final Certificate of Occupancy or Certificate of Completion, as applicable.

For projects funded with HOME funds, the currently applicable rules of the HOME Investment Partnerships Program Final Rule shall apply. The number of units to be assisted with HOME funds determined by the LRC. These units will be clearly identified in an addendum to the Agreement between the Applicant and the City, and shall contain a proportionate representation of unit sizes and types to that of the project as a whole. The rental rates charged and the tenant income requirements for these HOME units shall be those permitted under the applicable rules of the HOME Program. These requirements, collectively called the "affordability requirements" shall apply for that period of years determined by the level of investment in the project, as defined in the HOME Rules, but in no event less than five (5) years after the date of issuance of a Final Certificate of Occupancy or Certificate of Completion, as applicable.

- i. Transfer of the Property - If the property is sold, transferred or converted to condominium use, within the five (5) year period of affordability as defined above, following the issuance of a Final Certificate of Occupancy or Certificate of Completion, the full amount of the funds awarded by the City as a matching grant or as an interest subsidy plus accrued interest will immediately become due and payable to the City upon demand. The City may, at its option, permit such sale or transfer, provided that the prospective purchaser satisfies the City that the units will be maintained under the same terms and conditions for the full period as specified in the original agreement. The applicant shall notify the City in writing of his/her intention to transfer the property and shall permit the City to review all applicable documents in order to ensure compliance with this requirement.

The prospective purchaser of the property must execute an agreement with the City assuming the terms and conditions of the City's Agreement with the original applicant and containing such other terms and conditions as the City may require.

- j. Reporting - Funding recipients under these Programs must submit to ECDD annual reports regarding the property and its occupants, detailing family size and income levels in form and substance acceptable to the City. Such reports shall be due in acceptable form, within ten (10) business days of the following dates: 90 days after issuance of a final Certificate of Completion, or Certificate of Occupancy, as applicable. By November 30 of each year, covering the 12-month period ended September 30. The reports shall be submitted through the period of affordability provided in the agreement between the applicant and the City, and through September 30 of the fiscal year which includes the final month of the affordability

period. If such reports are more than ten (10) business days late, applicant shall be subject to a penalty charge of \$250, and an additional \$10 per day charge thereafter for each day the report is more than ten (10) business days late.

- k. Access to Property and Records - Designated personnel of the City and HUD shall have access to the property and shall have the right to inspect the property, rehabilitation work, contracts, materials, equipment, payrolls and all records relative to the project.
- l. Property Inspection - The applicant shall retain the services of a qualified inspector (i.e., licensed architect or professional engineer) who must periodically inspect the property during the rehabilitation project and certify to the City that the percentage of work has been completed in accordance with the approved plans and specifications. The American Institute of Architect's standards, or an approved equivalent, must be used for such certifications. The City must review and approve each request for payment by the contractor for work completed.
- m. Maintenance of the Property - The dwelling units in the project shall be kept in good condition and repair and shall be fully tenable for the duration of the term of affordability. No dwelling unit therein shall be removed or demolished. The Applicant shall complete or restore promptly and in a professional manner any dwelling unit which may be damaged or destroyed therein and shall pay when due all claims for labor performed and materials furnished to the project.
- n. Insurance - The Applicant shall maintain hazard, liability and flood insurance on the property to be rehabilitated, as required, in accordance with the requirements of the City's Risk Manager.
- o. Property Alterations - The Applicant shall assure that no substantial changes will be made to the exterior of the property nor to the interior of the affordable units for at least the full term of affordability unless such proposed changes are approved in writing by the City. If any changes are made without the prior written consent of the City, the full amount of the funds supplied by the City will become due and payable immediately upon demand. This section is in no way intended to impede the Owner's responsibility to perform normal maintenance on the property.
- p. Conflict of Interest - All applicants must comply with the provisions of 24 CFR Part 570.611 regarding conflicts of interest. No member of the City Administration or any City employee, public official, or member of the Federal, State, Local or County Government, who exercises any functions or responsibilities in connection with the administration of the Programs or approval of the project, may have any interest, direct or indirect, in the proceeds of the payment hereunder, or in any contract entered into by the applicant for the performance of the work paid for in whole or in part with these federal funds. HUD has the authority to grant exceptions but the regulations do not provide anyone with a right to an exception. In order to ensure that HUD-assisted rehabilitation is carried out in accordance with generally accepted construction standards and that rehabilitation funds are expended economically and efficiently, the City must be advised immediately of any and all suspected or apparent conflicts of interest.
- q. Equal Opportunity - The applicant shall abide by all federal, state or local regulations relative to equal opportunity to all persons, without discrimination as to race, color, creed, religion, national origin, sex, sexual orientation, marital status, age, handicap or familial status.
- r. Affirmative Marketing - Applicants are required to market all units in projects assisted under these Guidelines in accordance with the City of Miami Beach's "affirmative marketing procedures" as required by HUD.

Section v

Payment Procedure

Funds Disbursement

After a funding agreement and related documents have been executed, and a Notice to Commence Construction has been issued by the City, the approved funding amount will be disbursed as follows:

During the construction phase - A payment may not be issued more often than once a month. The amount of each payment will be calculated as follows: 90 per cent of the value of work completed to date, less the previous payments made (as certified by the Owner's Architect using an AIA payment certification form, and confirmed by the City's Building Services Division). The City's payment will be in the same proportion to the cost of the work that has been completed since the work for which the City has previously made payment as the City's funding commitment bears to the total estimated cost of the project.

Payments under the matching grant program will be made directly to the owner. Payments under the interest subsidy program will be submitted to the holder of the interest escrow account.

The final ten percent (10%) of the City's funds shall be paid upon the completion, approval and acceptance of the rehabilitation work and related documentation by all the governmental agencies and authorities having jurisdiction over the project, and as further set forth in these Guidelines, including, but not limited to, the following:

- a. Approval and acceptance of the rehabilitation work by all the governmental agencies and authorities having jurisdiction over the project, including the issuance of a Certificate of Completion or Certificate of Occupancy, as applicable.
- b. Receipt and approval by the ECDD of all documentation for compliance with Federal Labor Standards.
- c. Receipt and approval by the ECDD of a certified statement showing that the property is free and clear of mechanic's, materialmen's or any other type of liens or obligations relating to the rehabilitation of the property.

Receipt of Final Release of Liens from the prime contractor, and all sub-contractors and materialmen.

Items (b) and (c) must be submitted by the applicant no later than thirty (30) days after the date a Final Certificate of Completion is issued.

CHAPTER II
SPECIFIC PROGRAM REQUIREMENTS

Section i - Matching Grant Program

1. General

The Matching Grant Program provides direct grants to property owners in order to rehabilitate existing buildings and expand the supply of decent, safe, sanitary and affordable rental housing. Federal grant funds will be used for the rehabilitation of multi-family rental units and will address the problem of deteriorating housing stock in the City.

2. Grants

Grants are not loans; therefore, repayment is not required except as specified herein. Grant funds utilized for the Matching Grant Program are derived from the U.S. Department of Housing and Urban Development (HUD). Funds may be disbursed only for eligible activities in accordance with applicable federal regulations.

Section ii - Interest Subsidy Program

1. General

The City's Interest Subsidy Program is designed to provide interest subsidies, resulting in low interest rehabilitation loans to property owners of multi-family residential properties in order to upgrade their buildings, and to make available affordable rental housing units. The City, utilizing federal funds, will subsidize the interest rates on loans made by those lenders who agree to lend pursuant to these Guidelines.

2. Interest Rates

The interest rate on loans will be subsidized with federal funds received from HUD under the Community Development Block Grant (CDBG) Program. The subsidies are intended to result in a six percent (6%) effective annual rate on the loan to the owner. The LRC may, from time to time, revise this rate.

3. City's Review of Applications

Applications for participation in this program shall be submitted and evaluated in accordance with the procedures outlined herein.

If an application is recommended by the LRC to the Mayor and City Commission for their approval, the amount of interest subsidy will be estimated. This calculation will be based on the present value of the subsidy required to buy down the interest rate on the loan, which amount of money, if the application is approved, will be paid to the lender on behalf of the applicant and will be deposited in an interest-bearing escrow account with the lender. This amount will be a preliminary estimate since the applicant will likely not yet have secured the final loan terms and conditions from the lender. Only applications which have been reviewed and recommended for approval by the LRC shall be eligible for a City of Miami Beach interest subsidy.

4. Lender's Commitment on the Project

Applicants must apply to a lender(s) of their choice to obtain a funding commitment for the project. The lender will, if feasible, issue a commitment letter to the applicant setting forth the terms and conditions of the loan. It shall be the applicant's responsibility to bear all costs necessary to submit a loan application to any lender and to pay for any costs incurred by the applicant if the loan application is not approved by a lender and/or the City.

Reservation of City funds for approved applications will expire sixty (60) days from the date the application was approved by the LRC, unless the ECDD receives a written commitment issued by a lender, acceptable to the City as to form and content within such 60 days.

5. Final Calculation of Interest Subsidy

Upon receipt of an acceptable funding commitment from a lender, the ECDD will make a final calculation of the interest subsidy required. This calculation will be based on the present value of the subsidy required to buy down the interest rate on the loan. If the amount of the subsidy is within ten percent (10%) of the amount recommended by the LRC, no further LRC action will be required, and the proposed funding commitment and subsidy agreement will be submitted to the Mayor and City Commission for consideration.

6. Estimating Funding

The terms and conditions of the lender's commitment should be substantially the same as unsubsidized loans, including, but not limited to, such matters as submission requirements, prepayment privileges, owner's equity, credit rating of applicants, and escrow accounts. Loans shall bear the same interest rate as those for unsubsidized multi-family loans and, for the purpose of the Program, this rate shall be termed the "loan rate". The ECDD, the lender and the applicant will determine the amount of the interest subsidy payment necessary to reduce the "loan rate" to the "subsidized rate", this amount will depend on, among other things, the term of the repayment. If this final calculated amount is within ten percent (10%) of the amount recommended by the LRC and approved by the Mayor and City Commission, no further action will be required of the LRC and the Mayor and City Commission.

If the commitment issued by the lender is insufficient to pay for the full cost of rehabilitation, then the work write-up and cost estimate may be adjusted downward. After adjustment and rehabilitation, however, the property must, at a minimum, conform to the applicable codes and ordinances, and any indicated requirement of additional funds must be documented to the City's satisfaction and committed to the project.

7. Loan Closings

Lenders shall be responsible for the preparation and execution of all loan closing documents, and shall notify the applicant and the City of the date and location of the closing. All closings will meet the normal and standard requirements for loans of a similar nature, as established by the lender and/or its attorneys.

8. Closing Requirements

All applications approved by a lender, the LRC and the Mayor and City Commission for participation in the Program shall be closed in strict accordance with the terms and conditions of the lender's commitment, the City's commitment, the subsidy agreement and within the time specified in those documents.

9. Use of the Interest Subsidy by the Lender

The interest subsidy payments disbursed by the City to the lender shall be deposited in an interest bearing escrow account at one of its offices located in Dade County, Florida, at the maximum interest rate available to lender, and shall be expended as follows: on each month that the applicant is required to make payments to the lender on the permanent loan, the lender will draw from the escrow account (to the extent amounts in the escrow account are sufficient) the amount equal to the difference between the amortized monthly payment of principal and interest based on the "loan rate" and the amortized monthly payment of principal and interest based on the "subsidized rate". Any unused balance of interest subsidy funds plus unused earnings thereon shall remain in the escrow account with the lender. Lender must execute a statement that it has no security or other interest in the escrow account.

10. Additional Eligible Costs

In addition to the eligible uses of funds as described in Chapter II, Section iii when an interest subsidy is used, the following costs are also eligible:

- a. A reasonable and standard fee for loan points over and above the per annum interest rate charged by lender.
- b. Costs attributable directly to the preparation of loan instruments and any other out-of-pocket costs incidental thereto, including, but not limited to, fees for recording and filing, credit reports, photographs, surveys, inspection fees, abstracting and title reports, appraisal fees, current accruals, and legal fees.

CHAPTER III

Defaults

1. Defaults

If any applicant or funds recipient under either Program defaults under or breaches any City or federal term or condition of one of the Programs, violates any federal, state or City law or regulation, or defaults under or breaches any term or condition of these Guidelines or of any Matching Grant or Interest Subsidy Agreement or of any loan document relating to the property at issue, the City shall be entitled to declare a default under the Matching Grant or Interest Subsidy Agreement, these Guidelines, and the Program. The City shall be entitled to pursue all available remedies, including, but not limited to, equitable, legal and injunctive relief and the return of all monies disbursed by the City, plus interest. Any costs incurred by the City as a result of a default, including legal fees and costs in the trial court and all appellate levels, shall be paid by the applicant or funds recipient.

2. Lien Rights of the City

The executed agreement between the Applicant and the City will be promptly recorded in the Public Records of Dade County, Florida and will be a lien against the property for the term of the agreement. In the event of a default under the agreement, the full amount of funds provided by the City, plus interest, will be required to be paid to the City immediately upon demand. Further, the City will be authorized to foreclose its lien on the property to recover the full amount of the money provided plus interest.

3. Cancellation and Refund of Payments

At its option, the City reserves the right to cancel and terminate a matching grant or interest subsidy award and request the return of the unused funds and any interest thereon to the City, by sending written, certified notice of cancellation to the applicant at his/her mailing address if: (1) for a period of 30 days after the notice to commence work is issued, the applicant shall have failed or refused to cause the commencement of physical rehabilitation work on said property; or, (2) the applicant failed or refused to complete the work within a time specified in the City's documents; or (3) the City determines that the purposes of the grant have been rendered impractical of fulfillment.

4. Default by the Applicant under the Terms and Conditions of the Loan

In the event any applicant defaults under any of the terms and conditions of a note, mortgage, or other loan document relating to the property at issue, including a loan document relating to a loan subsidized under the Interest Subsidy Program, the lender shall immediately notify the City of the default and the City may, at its sole option and discretion, within thirty (30) days of this notice, take whatever action is customarily permitted to bring the loan current.

5. Unused Prepaid Interest Subsidy

In the event of a default by the applicant under an Interest Subsidy Agreement, any unused balance of interest subsidy funds plus any accumulated interest earnings shall be returned immediately to the City upon demand.

6. Remedies Cumulative

The exercise or lack of exercise by the City of any remedy in response to any default does not preclude the City from exercising any other remedies.

CHAPTER IV TENANT RELOCATION

1. General

If the property is occupied at the time the application is submitted the applicant must submit a tenant roll. Additionally, the applicant must submit for each unit: tenant names, lease terms, duration of occupancy, rent currently paid, with an indication as to whether utilities are included, family size, family income, and any other information determined necessary by the ECDD to assess the need for temporary relocation.

2. Relocation Planning

In the event that temporary relocation of existing tenants is mandated by a project, the provisions of the federal Uniform Relocation Act (URA) will apply. The City's desire is to minimize displacement

If a property is occupied and temporary relocation of the tenants is required during the rehabilitation or construction, the City will reimburse up to fifty percent (50%) of "eligible" temporary relocation expenses incurred by the property owner in accordance with the budget and plan submitted as part of the application and approved by the City.

"Eligible" expenses will be determined in accordance with the provisions of Handbook 1378: Tenant Assistance, Relocation and Real Property Acquisition, issued by HUD, as amended.

The Owner must pay these expenses directly, or reimburse the tenants for their payments, and document all such expenditures carefully. Upon submittal of a detailed accounting, to the satisfaction of the City, of all such payments or reimbursements made each month for the duration of the project, the City will reimburse the owner up to 50% of those eligible expenses incurred for this purpose.

Note: In the event it is found necessary to permanently relocate any tenant, the full cost of such permanent relocation shall be borne by the Owner.

3. Assessment of Need

As part of the application package for the project, the applicant is required to prepare an estimate of the number of tenants requiring temporary relocation, the household size, and type, previous rental amount, utility expenses, and the cost of temporary lodging, as well as other increased expenses associated with such temporary relocation. The Owner should also advise the City of other property they may have which could be utilized to temporarily house the tenants. Additionally, the number and type of vacant units in the subject property must be clearly identified, to permit a determination of whether relocation of tenants within the property will be feasible, or whether it will be necessary to provide temporary lodging outside the property.

4. Relocation Plan and Budget

A budget must be submitted, estimating the anticipated relocation expenditures by month for the entire period of the project. Such a preliminary plan and a relocation budget should include, the number of tenants and the period of temporary relocation necessary for the completion of the project, consistent with the project construction schedule submitted by the general contractor.

5. Federally Required Notices

The Owner shall agree to send, or permit the City or its agent to send, federally required notices to tenants in a timely manner. These notices include, but are not limited to: General Information Notice, Notice of Non-displacement and a Notice of Eligibility.

6. Tenant Relations

Owner shall make every effort to assure that temporary accommodations provided for tenants is decent, safe and sanitary, and that other living conditions are generally acceptable. The Owner will ensure that there is no increase in out-of-pocket housing expenses to the tenant.

7. Tenants Returning After Rehabilitation

Those tenants who were in residence prior rehabilitation, and who received a "Notice of Non-Displacement", who elect to return to the property upon completion of the rehabilitation work are referred to herein as "Returning Tenants".

Owner must agree to offer a unit to these Returning Tenants on the following terms, independently of the rent restrictions detailed in Chapter I, Section iv (h):

- a. Returning Tenants must be offered the same apartment previously occupied, or a unit comparable in terms of size and amenities to the unit occupied prior to the rehabilitation.
- b. Returning tenants must be offered a standard lease for at least a 12 month period at the same rent being charged before the rehabilitation.
- c. Upon expiration of the initial lease, and annually thereafter, for a period of 42 months following the completion of the rehabilitation work, rent charged the Returning Tenant may be increased in an amount deemed reasonable by the City, and only if the amount of such proposed increase can be justified, based on documented increases in the operating costs of the property.
- d. Upon expiration of the 42 month period, the rent charged to the Returning Tenant may be adjusted to the HUD Fair Market Rent, as specified in Chapter I, Section iv (h), if applicable, or to market rental rate.

CHAPTER V LOAN REVIEW COMMITTEE

Mission Statement:

The Loan Review Committee of the City of Miami Beach shall review applications for funding the rehabilitation of residential properties, under the provisions of the Multi-family Housing Rehabilitation Guidelines, such review shall include property qualifications and eligibility of applicants. The Committee shall recommend approval of qualified applications to the Mayor and City Commission.

1. General

This chapter sets forth the role and responsibilities of the City's Loan Review Committee (LRC). The provisions included herein which differ from the previous Guidelines become effective on January 1, 1998.

2. Members

The LRC shall consist of the following seven (7) voting members:

- a. One employee from each of three (3) private lenders with offices located in the City, appointed by the Mayor and City Commission; and
- b. One (1) state certified general contractor licensed to operate in the City, appointed by the Mayor and City Commission; and
- d. Three (3) residents of Miami Beach, one each from North Beach, Middle Beach, and South Beach, appointed by the Mayor and City Commission. (These zones shall be defined as follows: North Beach - the zone North of 67th Street to 87th Terrace, Middle Beach - the area from 67th Street south to the Dade Canal and 23rd Street to the Ocean, South Beach - the zone from Dade Canal and 23rd Street south to Government Cut.)

Voting members shall serve for a term of two (2) years.

In addition, the City Manager, or a designated representative, and the City's Finance Director shall serve as non-voting ex-Officio members.

The members will elect a Chairperson, and a Vice Chairperson, who will serve at the will of the LRC. The Vice Chairperson shall preside in the absence or incapacity of the Chairperson. All meetings shall be called and set by the Chairperson as needed, and shall be advertised and open to the public. It is anticipated that the LRC will meet on a monthly basis, but no less frequently than quarterly. Four (4) voting members shall constitute a quorum necessary to hold a meeting or take any action.

The ECDD Director or a designated representative shall act as the direct liaison between the applicant, the lender, if any, the LRC, and representatives of the City.

A member of the Community Development Advisory Committee (CDAC) may be an ex-Officio non-voting member of the LRC, in order to facilitate communications between the LRC and the CDAC.

3. Duties and Responsibilities of the Loan Review Committee

The LRC shall:

- a. Study and review proposals, applications, property qualifications and the eligibility of the applicants for funding under the Community Development Block Grant (CDBG) Program or HOME Investment Partnerships Program funded Housing Rehabilitation Programs.

- b. If necessary, interview the applicant, his or her architect, or other representative to obtain additional information about the proposal.
 - c. Evaluate applications and determine which shall be recommended for approval to the City Commission. Recommend funding amounts, time frames and any other conditions for a commitment of funds upon approval.
 - d. Estimate the amount of public funding needed to assist selected proposals and provide for the reservation of funds for those projects.
 - e. Review final proposals which have received commitments, and recommend their reduction if required by limitations in the availability of funds.
 - f. Review and make recommendations regarding any request made to the City for an assignment or material change in any of the terms of the award agreements, after loan closing or final funding commitment.
 - g. Establish site and neighborhood standards for proposed rehabilitation projects.
 - h. Periodically review these Guidelines, and make recommendations to the City Commission for their modification when necessary.
 - i. Provide expertise and assistance to the City's Economic and Community Development Division in preparing Requests For Proposal (RFP) or Notices of Funds Availability (NOFA) or portions thereof, for the City's housing Programs including: the CDBG-funded Multi-Family Housing Rehabilitation Programs, the HOME Investment Partnerships Program (HOME), and the State Housing Initiatives Partnership (SHIP) Program.
 - j. Review all eligible HOME and SHIP Program applications in accordance with criteria outlined in the applicable RFP or NOFA. These criteria may include items such as: total cost, extent of leveraging, cost per unit, development schedule, previous accomplishments, period of affordability, utilization of non-public funds, non-displacement, total number of units, site and neighborhood compatibility, conformity with City zoning requirements, consistency with the City's Consolidated Plan, etc.
4. Applicable Fees and Time Frames
- Any application submitted for the rehabilitation Programs will be subject to the following:
- a. An application fee of \$250 is due at time of submission of the application to the ECDD. A request for waiver of this fee will be considered only from not-for-profit applicants.
 - b. If the applicant under the interest subsidy program is not able to proceed with construction within the specified time, and wishes to apply to the ECDD for an extension of time, a fee of \$150 is due at the time of this request. If the applicant fails to meet the program requirements during the extension period, then the City's commitment shall expire. If the applicant desires to re-apply for the funds after such expiration, a new application package and fees must be submitted to the City, and the request will be treated as a new application.
5. Applicability of City Resolutions and Regulations
- All laws, ordinances, resolutions, rules and regulations enacted by the City Commission regarding membership, attendance, removal of members, voting and quorums pertaining to City Boards and Committees, as amended from time to time, shall apply to the LRC.

CHAPTER VI REQUIREMENT FOR ACCESSIBLE UNITS Alterations to Housing Facilities

Projects funded under these Guidelines are subject to the Uniform Federal Accessibility Standards (UFAS) under Section 504 of the Rehabilitation Act of 1973.

Alterations are divided into two types:

- a. **Substantial Alteration:** Regulatory Citation 24 CFR 8.23(a). Alteration in which the cost of the alterations to a facility of 15 or more dwelling units equals or exceeds 75% of the replacement cost of the completed facility. Substantial alterations are subject to new construction accessibility requirements.

Alterations that do not meet the definition of substantial (i.e. the development altered has less than 15 units, or the costs are less than 75% of the replacement cost of the completed facility) are covered by "other alterations".

- b. **Other Alterations:** Regulatory Citation 24 CFR 8.23(b). Applies to multifamily housing developments of 5 dwelling units or more (including scattered site housing). These alterations to dwelling units must, to the maximum extent feasible, be made accessible to and usable by individuals with disabilities. A minimum of 5% of the dwelling units in a building or development (with a minimum of one (1) unit) must be made accessible for individuals with mobility impairments. In addition to providing access to those with mobility impairments, when possible, the unit(s) shall also be pre-wired to facilitate the installation of auxiliary devices to assist the hearing and the visually impaired.

Alterations to common areas such as entrances lobbies and recreation rooms must be made accessible to and usable by individuals with disabilities to the maximum extent feasible.

Exemptions:

A funding recipient is not required to make a dwelling unit or common area accessible if doing so would impose undue financial and administrative burdens on the development. The property owner or applicant, must submit cost estimates from a licensed architect or engineer, demonstrating that compliance with this requirement constitutes an undue cost burden, is technically infeasible, or otherwise impractical, to obtain an exemption to this requirement.

CHAPTER VII DEFINITIONS

1. General

In construing the provisions of these Multi-Family Housing Rehabilitation Guidelines, words and terms not defined herein shall be interpreted in accordance with their normal dictionary meaning or, in the absence thereof, customary usage. Headings are only for convenience and shall not affect the meaning of any provision of these Guidelines.

2. Definitions

The following are definitions of various terms as used in these Guidelines:

Accessible: A dwelling unit that is located on an accessible route and when designed, constructed or altered or adapted can be approached, entered, and used by individuals with physical disabilities.

Accessible Route: A continuous unobstructed path connecting accessible elements and spaces in a building or facility that complies with the space and reach standards prescribed by 24 CFR 8.32.

Adaptability means the ability of certain elements of a dwelling unit, such as: kitchen counters, sinks, wash basins and grab bars, to be added to, raised, lowered or otherwise altered, to accommodate the needs of persons with or without disabilities, or to accommodate the needs of persons with different types or degrees of disability.

Affordable rent - A rental amount that does not exceed 30% of the income of a family whose income equals 80% of the area median family income or as defined and published by HUD. These rents include an allowance for utility expenses.

Alteration: means any change in a facility or its permanent fixtures or equipment. It includes, but is not limited to, remodeling, renovation, rehabilitation, reconstruction, changes or rearrangements in structural parts and extraordinary repairs. Alteration does not include normal maintenance or repairs, re-roofing, interior decoration, or changes to mechanical systems.

City - The City of Miami Beach.

Codes and Ordinances - Codes, ordinances and statutes of the City and Dade County, including, but not limited to, the South Florida Building Code, the Zoning Ordinance, and the Property Maintenance Standards.

Condominium - A system of ownership of individual units in a multi-unit structure, combined with joint ownership of commonly used property (sidewalks, hallways, stairs, etc.).

Economic and Community Development Division (ECDD) - The Division of the City of Miami Beach designated to administer Community Development Block Grant (CDBG) funds received from HUD and to administer these Guidelines.

HUD - The U. S. Department of Housing and Urban Development.

Lender - Lender shall be defined as an institution with one or more offices in Dade County. It may be any federal or state regulated banking institution including federal or state chartered commercial banks, mutual savings banks, savings and loan associations, municipal or publicly constituted pension trusts, insurance companies or corporations, credit unions, or other financial institutions authorized to transact business in the State of Florida and which customarily provide service or otherwise aid in the financing of mortgages located in the State of Florida, and meet the minimum capital requirements as promulgated by its respective supervisory board.

Loan Review Committee (LRC) - A ten (10) member committee, (7 voting, 3 non-voting) appointed by the City, responsible for the review and recommendation of those applications which will be submitted to the Mayor and City Commission for consideration to receive funding under the Programs.

Low and moderate income household - A household, in which the combined income of all adults does not exceed 80% of the median income for the area, as determined by HUD.

Multi-Family Residential Property - A property that after rehabilitation will contain a minimum of four (4) or more residential units meeting applicable codes and standards.

Programs - The Interest Subsidy Program and the Matching Grant Program which are the City's Multi-Family Housing Rehabilitation Programs referenced in these Guidelines.

"Replacement cost of the completed facility" means the current cost of construction and equipment for a newly constructed housing facility of the size and type being altered. Construction and equipment costs do not include the cost of land, demolition, site improvements, non-dwelling facilities and administrative costs for project development activities.

"Substantial alteration": is one in which the cost of the alterations to a facility of 15 or more dwelling units (including scattered site housing) equals or exceeds 75% of the replacement cost of the completed facility. Substantial alterations are subject to new construction accessibility requirements. Alterations that do not meet the definition of substantial (i.e. the development altered has less than 15 units, or the costs are less than 75% of the replacement cost of the completed facility) are covered by "other alterations".

EXHIBIT "A"
FEDERAL AND OTHER REQUIREMENTS

As the City of Miami Beach is providing this funding through Federal Community Development Block Grant and/or HOME Investment Partnerships Program funds, all parties agree to comply with the following statutes, regulations and executive orders, as they apply. These requirements are incorporated herein by reference. **ADDITIONALLY, ALL PARTIES AGREE TO COMPLY WITH ALL EXISTING FEDERAL, STATE AND LOCAL LAWS, REGULATIONS AND ORDINANCES HERETO APPLICABLE, AS AMENDED. THESE REQUIREMENTS ARE INCORPORATED HEREIN BY REFERENCE.**

1. Freedom of Information and Privacy Acts
 - Freedom of Information Act (5 U.S.C. 552), and the Privacy Act of 1974 (5 U.S.C. 552a)
2. Equal Opportunity
 - Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and 24 CFR Part 1
 - Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601), as amended
 - Executive Order 11063, as amended by Executive Order 12259
 - Executive Orders 11246, 11265, 12138 and 12432
 - Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 170), as amended
 - Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), as amended
 - The Age Discrimination Act of 1975 (42 U.S.C. 6101)
 - The Fair Housing Amendments Act of 1988
3. Environmental Review
 - The National Environmental Policy Act (42 U.S.C. 4321, et seq)
 - The Council on Environmental Quality Regulations (40 CFR Parts 1500-1508)
 - Environmental Review for the CDBG and the Housing Rehabilitation Programs (24 CFR Part 58)
 - National Historic Preservation Act of 1966
 - National Flood Insurance Act of 1968 as amended by the Flood Disaster Protection Act of 1973
4. Lead Based Paint
 - Lead Based Paint Poisoning Prevention Act (42 U.S.C. 4801, et seq)
 - HUD Lead Based Paint Regulations (24 CFR Part 35)
5. Asbestos
 - Asbestos Regulations (40 CFR 61, Subpart M)
 - U.S. Department of Labor Occupational Health and Safety (OSHA) Asbestos Regulations (29 CFR 191.1101)
6. Handicapped Accessibility
 - Architectural Barriers Act of 1968 (42 U.S.C. 4151 and 24 CFR Parts 8, 9 and 41)
7. Labor Standards
 - The Davis-Bacon Act (40 U.S.C. 276a) as amended
 - The Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333)
 - Federal Labor Standards Provisions (29 CFR Part 5.5)
8. Grant Regulations
 - Community Development Block Grants (24 CFR Part 570)
 - HOME Investment Partnerships Program (24 CFR Part 92)